

Message Text

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FM AMEMBASSY LONDON

TO USDOC WASHDC

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AMEMBASSY BELGRADE

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY BUDAPEST

AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY PARIS

AMEMBASSY PRAGUE

AMEMBASSY ROME

AMEMBASSY VIENNA

AMCONSUL AMSTERDAM

AMCONSUL LIVERPOOL

AMCONSUL EDINBURGH

AMCONSUL MILAN

AMCONSUL MUNICH

AMCONSUL ZURICH

USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS: BEXP, UK

SUBJECT: PROPOSED AMERICAN YARN SPINNERS ASSOCIATION

IOGA TRADE MISSION - UK

REF: USDOC 9304

1. EMBASSY INITIAL RESPONSE TO REFTEL IS TO WELCOME
YARN SPINNERS ASSOCIATION CONSIDERATION OF U.K. AS PART
OF ITS THREE CITY EUROPEAN TOUR. FROM OCTOBER 27 TO
OCTOBER 31 THE INTERNATIONAL SHOW "DOMESTIC AND COMMER-
CIAL TEXTILES EXHIBITION - DACTEX" TAKES PLACE AT THE
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OLYMPIA IN LONDON. IF MISSION COMES TO U.K. WE WOULD,

THEREFORE, RECOMMEND WEEK BEGINNING MONDAY, NOVEMBER 4.

2. WE DISCUSSED THE PROSPECTS FOR THE MISSION WITH SEVERAL INDIVIDUAL BUSINESSMEN IN THE TRADE, THE EDITOR OF "BRITISH KNITTING INDUSTRY" AND A SENIOR EXECUTIVE OF TEXTILE TRADE PUBLICATIONS LTD. WE ALSO CONTACTED THE MANCHESTER CHAMBER OF COMMERCE, THE KNITTING INDUSTRIES' FEDERATION, THE BRITISH TEXTILE EMPLOYERS' ASSOCIATION AND THE BRITISH THROWSTERS' ASSOCIATION. THESE CONTACTS ALL STRESSED THE IMPORTANCE OF THE AMERICAN YARN SPINNERS' ASSOCIATION MAKING MANCHESTER ITS BASE IN THE U.K. CONTACTS BELIEVED THAT PRICE, QUALITY AND DELIVERY TIMES ARE CRUCIAL. THE GENERAL MOOD IN THE TEXTILE INDUSTRY, HOWEVER, MIRRORS THAT OF ANALYSTS FOLLOWING THE U.K. ECONOMY IN GENERAL AND, THEREFORE, IS PESSIMISTIC. THE "FINANCIAL TIMES," JULY 22, 1974, REPORTED THAT "DE-STOCKING BY RETAILERS IS WORKING ITS WAY THROUGH THE TEXTILE INDUSTRY AND SOME MANUFACTURERS FEAR A SERIOUS DOWNTURN IN AUTUMN". A FEW CONTACTS WENT SO FAR AS TO SUGGEST THAT THE TEXTILE INDUSTRY MAY BE IN SUCH SEVERE STRAITS BY SOMETIME AROUND THE FALL OF THIS YEAR THAT A VISIT BY THE AMERICAN YARN SPINNERS ASSOCIATION WOULD BE COUNTERPRODUCTIVE. MOST CONTACTS WERE OF THE OPINION THAT EVEN IF SHORT AND MEDIUM TERM GENERAL TEXTILE SALES PROSPECTS WERE POOR, THE MISSION WOULD BE WELL RECEIVED. AND BECAUSE SYNTHETIC YARNS ARE TEMPORARILY IN SHORT SUPPLY, THE MISSION WOULD PROBABLY BE OFFERED SPOT SALE OPPORTUNITIES.

3. THE WEAVING INDUSTRY IS CONCENTRATED AROUND MANCHESTER AND OTHER AREAS IN THE NORTH-WEST WHILE THE KNITTING INDUSTRY CAPITAL IS LEICESTER IN THE MIDLANDS. EXPERTS IN THE BUSINESS CONVINCED US THAT FOR THE MISSION TO BE SUCCESSFUL IT SHOULD HAVE ITS BASE IN MANCHESTER - ABOUT 180 MILES NORTH OF LONDON. IDEALLY, WE WERE TOLD, TWO DAYS SHOULD BE SPENT IN MANCHESTER AND ONE DAY IN LEICESTER. MOST CONTACTS FELT THAT SOME VERY IMPORTANT BUSINESS CONNECTIONS WOULD BE LOST IF THE MISSION WERE TO HAVE ITS BASE IN LONDON. IN ADDITION, THE ASSOCIATIONS AND PUBLICATIONS ARE BASED IN MANCHESTER AND

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LEICESTER AND THEIR REPRESENTATIVES EXPRESSED PARTICULAR ABILITY TO WORK WITH THE MISSION IN MANCHESTER (OR MANCHESTER/LEICESTER).

4. THE EEC, AT THE REQUEST OF THE U.K. AND FRG, IS CURRENTLY CONSIDERING STIFF RESTRICTIONS ON INEXPENSIVE FINISHED CLOTHING IMPORTS (WHICH PRIMARILY COME FROM ASIA). THESE IMPORTS HAVE BEEN INCREASING AT A RATE OF

ABOUT 50 PERCENT A YEAR ACCORDING TO INDUSTRY CONTACTS.
SHOULD RESTRICTIONS COME IN, THERE MIGHT BE OPPORTUNITIES
FOR INCREASED IMPORTS OF U.S. YARNS INTO SEVERAL EEC
COUNTRIES.

5. U.K. IMPORT AND EXPORT STATISTICS FOR COTTON AND SYN-
THETIC YARNS FOR 1973 AND THE FIRST TWO MONTHS OF 1974
MAY BE OF ASSISTANCE. DOMESTIC PRICE CONTROLS AND THE
VAST TURNAROUND IN THE ECONOMIC SITUATION DURING 1973

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AMEMBASSY BELGRADE

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MAKE IT DIFFICULT TO FORECAST USING THESE FIGURES.
 GENERAL ECONOMIC INDICATORS SHOW A DOWNWARD TREND IN RETAIL SALES AND THE EMBASSY HAS NO REASON AT THIS TIME TO FORECAST ANY CHANGE IN THIS TREND. NET NEW ORDERS IN THE CLOTHING INDUSTRY WERE 8 PERCENT LOWER IN THE THREE MONTHS ENDED MARCH 1974 THAN IN THE THREE MONTHS ENDED DECEMBER 1973. TEXTILE YARN AND THREAD IMPORT-EXPORT STATISTICS (VALUE IN POUND THOUSANDS):

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TYPE	IMPORTS		EXPORTS	
	1973	JAN/FEB'74	1973	JAN/FEB'74
COTTON YARN AND THREAD, GREY (UNBLEACHED) NOT MERCERIZED, NOT PUT UP FOR RETAIL SALE	11,830	5,180	7,831	1,141

TYPE	IMPORTS		EXPORTS	
	1973	JAN/FEB'74	1973	JAN/FEB'74
COTTON YARN & THREAD, BLEACHED ETC. NOT PUT UP FOR RETAIL SALE.	3,543	1,534	6,239	1,595

YARN & THREAD OF SYNTHETIC FIBERS	76,788	13,424	101,367	21,883
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YARN OF CONTINUOUS SYNTHETIC FIBERS NOT PUT FOR RETAIL SALE	60,147	9,316	81,392	17,133
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6. SEVERAL INDIVIDUALS IN THE INDUSTRY GAVE THEIR OWN PERSONAL OPINION THAT THE MARKET FOR ACRYLIC YARN WOULD SHOW THE GREATEST GROWTH THIS YEAR. THEY ALSO EXPECT DOUBLE KNIT FABRICS TO BECOME BIG SELLERS WITHIN THE NEXT TWELVE MONTHS.

7. THE NATIONAL ECONOMIC DEVELOPMENT OFFICE JUST RELEASED "INDUSTRIAL REVIEW TO 1977 - TEXTILES" A COPY OF WHICH IS BEING SENT UNDER TRANSMITTAL SLIP TO THE USDOC U.K. DESK OFFICER. THE REPORT IS OPEN TO VARIOUS

INTERPRETATIONS BUT ITS BASIC CONCLUSION ACCORDING TO
THE "FINANCIAL TIMES" OF JULY 17, 1974 IS THAT, "THE
BRITISH TEXTILE AND CLOTHING INDUSTRIES CAN DO WELL
IN THE PERIOD UP TO THE END OF 1977 IF SHORTAGES OF
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LABOR, RAW MATERIALS, AND CAPITAL ARE OVERCOME AND IF
INVESTMENT IS STEPPED UP". THE REPORT WAS ESSENTIALLY
COMPLETED PRIOR TO THE CURRENT GLOOMY FORECASTS FOR THE
ECONOMY AS A WHOLE.

8. ACCORDING TO LOCAL SOURCES THE 1973 VISIT OF THE
NATIONAL HOSIERY MANUFACTURERS ASSOCIATION OF AMERICA
TO LONDON AND LEICESTER WAS SUCCESSFUL. USDOC MAY
DESIRE SEEK COMMENTS FROM THE SECRETARIAT OF THAT
ASSOCIATION ON ITS SUBSEQUENT SALES AND ON THE CURRENT
STATE OF THE U.K. TEXTILE INDUSTRY.

9. IN CONCLUSION, WHILE POST WOULD WELCOME YARN SPINNERS
ASSOCIATION MISSION WE CANNOT IN BALANCE BE VERY OPTI-
MISTIC NOR SUGGEST THAT THE UNITED KINGDOM SHOULD BE
GIVEN PREFERENCE OVER OTHER COUNTRIES AT THIS TIME.
THE U.K. IS A WORLD LEADER IN THE PRODUCTION OF
SYNTHETIC YARNS AND THIS FACT ALONE LIMITS THE LONG
TERM GROWTH PROSPECTS OF U.S. YARN SALES HERE.

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